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ABSTRACT

This booklet lists the interim performance objectives of the Office of Student Financial Assistance (Department of Education) as required by the Higher Education Act Amendments of 1998. These interim objectives are intended to guide the office until the end of the September 1999 fiscal year. The first objective is to improve customer satisfaction. Indicators of success include maintaining the quality of current services as a baseline and taking new steps to improve services. The second objective is to reduce the overall cost of delivering student aid. Among the 11 indicators of success listed are establishing a baseline estimate of overall costs and using performance-based contracts in all major new awards. The third objective is to transform the Student Financial Assistance Office into a performance-based organization (PBO). The 10 indicators of success include: testing all major new publications, training materials, and electronic products with users prior to release; and developing a human resources and organizational plan for the PBO. Also provided for each indicator of success are methods for measuring success and the name of the individual responsible for each indicator. Graphs illustrate trends in many of the indicators. (DB)

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Interim Performance Objectives

Office of Student Financial Assistance

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Interim Performance Objectives
Office of Student Financial Assistance

Introduction

The Higher Education Act Amendments of 1998 created a Performance Based Organization (PBO) for student financial assistance within the Education Department. The amendments require a performance plan for that PBO. The performance plan is a contract that goes to the heart of the PBO concept.

In the plan, we will identify specific performance objectives for the PBO. The PBO management team will accept these objectives and in return, we will give the team the flexibility to achieve them. The management team's compensation is tied to success in achieving these objectives.

This interim plan is the first step towards the performance plan required by law. It will guide PBO operations until the end of the fiscal year, September 1999, when the five-year performance plan will be delivered. The five-year plan will go through an extensive consultative process with interested parties and include annual targets.

WHERE WE START

The **mission** of the PBO is **to help put America through school.** Our **overall standard** will be to do that job well enough—both in delivering services and in financial management—**to equal the best in the business.** We start a PBO knowing that we don't meet that standard today.

- Why, for example, do most students who call us get referred from place to place before their questions are answered?
- Why is it so hard for schools to find out what disbursements our records say were made to them?
- Why can't student borrowers make payments by automatic debit from their accounts?
- Why don't our computer systems talk to each other?
- Why can't the rules for processing transactions be simpler?
- Why aren't we giving the ideas of front-line people more of a chance to fix these and other problems?

We have a lot of room to improve, and with the right focus, we **can** improve dramatically. Less than two years ago, we were forced to shut down the loan consolidation process because we couldn't keep up with demand. Now, with a reinvented approach, we are processing a much greater volume and maintaining a turnaround time that beats advertised industry standards.

At the same time, our case management teams have been helping schools to pull themselves up and stay in the system. Cohort default rates have been brought below 10 percent for the first time ever. A year ago, none of our 14 mission critical systems had even begun renovation to avoid Y2K meltdown, now **all** have been renovated, validated, and put in use. We beat OMB's March 31 deadline. In these and other successes, there is reason for optimism.

Our Overall Objectives

Three interim objectives will drive our work until September 1999:

- Improve Customer Satisfaction
- Reduce the Overall Cost of Delivering Student Aid
- Transform the Student Financial Assistance Office Into a Performance Based Organization

Because we cannot directly measure performance against these objectives today, each objective is supported by a set of indicators below. The indicators provide measurable results—either quantitative or yes/no. We can evaluate these collective results and judge the degree to which we have met the overall objective.

The indicators cover a mixture of old and new. Under both the service and cost objectives there are some indicators focused on maintaining current service and financial performance. We have to keep the trains running while we reengineer.

Other indicators signal what we believe will be a bold new direction for the PBO. For example, under the PBO transformation objective, a customer service task force of front-line employees, with inputs from customers and partners, must spell out a top-to-bottom reinvention in customer service. We must also complete a modernization blueprint that will guide the reengineering of our business processes and computer systems. We accept the challenge of creating at least five new, positive experiences in services we provide to our customers or partners. In addition, we must introduce five new electronic service delivery products—at least as pilots. We are also accountable for designing a complete subsidiary-style financial management system for the PBO. And there is much more.

Our Customer

Objective: Improve Customer Satisfaction

Indicators of Success:

As a baseline, maintain the quality of current services:

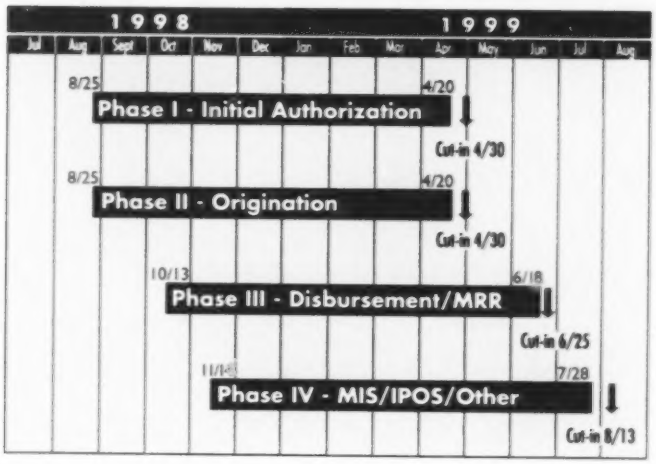
- For Pell grants, put the new Recipient Financial Management System (RFMS) in place without degradation in service (by August 30, 1999).

  Measurement: Accomplish project milestones without degradation in service:

  - **Phase 1** (Initial Authorization) – 4/30/99
  - **Phase 2** (Origination) – 4/27/99
  - **Phase 3** (Disbursement/MRR) – 6/25/99
  - **Phase 4** (MIS/IPOS/Other) – 8/13/99

  Lead: Jerry Russomano

RFMS Development Status
(As of 3/15/99)



- Process Free Applications for Federal Student Aid (FAFSAs) with an average turnaround time of eight days or less (through September 30, 1999).

  Measurement: Process FAFSAs with an average turnaround time of eight days or less.

  Lead: Jerry Russomano

- For Direct Loans, enable qualified schools to disburse money to qualified students while they wait (by September 30, 1999).

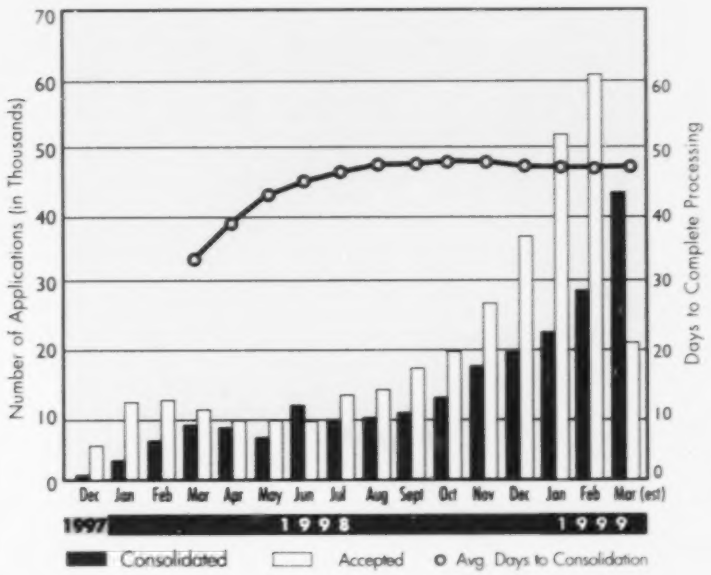
  Measurement: At least half of the qualified schools surveyed take advantage of this flexibility.

  Lead: Marge White

- For Loan Consolidations into Direct Loans, process completed applications with an average turnaround time of 60 days or less (through September 30, 1999).

  Measurement: Process completed applications with an average turnaround time of 60 days or less.

  Lead: Marge White



Processing Loan Consolidations
(EDS System)

- Improve the processing of key financial transactions to help ensure that disruptions for students, schools, lenders and guaranty agencies are minimal. For the period ending September 30, 1999, measurable improvements will be made in the Direct Loan, Pell grant and Federal Family Educational Loans (FFEL) payment processing.

  Measurement:

  - Improve Direct Loan drawdown disruptions caused by inexact Department edits by ten percent over the comparable 1998/1999 statistics.
  - Develop baselines to demonstrate that the processing time in days from receipt of valid student level information until availability of the authority to drawdown Pell funds has improved by 50 percent in the new Pell Recipient Financial Management System.
  - Implement a process, by June 30, 1999, to ensure that funds are available to pay guaranty agencies and lenders within ten days of the end of the reporting period 95 percent of the time.

  Lead: Linda Paulsen

- Complete, validate, and put in use all Y2K systems conversions by March 31, 1999.

  Measurement: Put in use all Y2K systems conversions by March 31, 1999.

  Lead: Jerry Russomano

- Complete all critical transactions affecting schools' participation so that disruptions for students and schools are minimal (through September 30, 1999).

  Measurement:

  - Process all recertification applications in a timely manner so that there is no break in services for eligible schools.
  - Process at least 50 percent of those schools eligible to request review under the enhanced process for handling changes in ownership resulting in a change of control with no break in services.
  - Resolve 95 percent of audits within six months of their receipt by the Case Management Teams.
  - Complete reimbursement requests within 30 days.
  - Respond to student complaints within ten work days.
  - Approve all teachout/transfer requests within ten work days of receipt of the complete request.
  - Complete all other transactions within established timeframes 95 percent of the time.

  Lead: Jeanne VanVlandren

Take new steps to improve service:

- Create five new positive experiences in services delivered to our customers and partners (by September 30, 1999).
  - Pursue a "Business Partnership" initiative with the Guaranty Agency Debt Management Committee to promote sharing of best practices and assistance based reviews of GA post default claim collection efforts.
  - Implement FAFSA Corrections on the Web.
  - Eliminate all commercial calls to the PIC.
  - Implement internet registration system for training.
  - Develop electronic Direct Loan exit/entrance counseling materials.
  - Decrease the amount of time it takes for Automated Clearing House (ACH) schools to receive their funds by one day.
  - Develop the infrastructure to support lender electronic billing submissions that will decrease the number of days for lender's receipt of funds.
  - Conduct team visits at Direct Loan schools based on school requests or on the Customer Service Representative or Client Account Manager's suggestion.
  - Conduct three one-day regional sessions for participating Direct Loan schools with representatives from our contractors.

  Measurement: Accomplish all positive experiences by September 30, 1999.

  Lead: Cyndi Reynolds

- Introduce five new electronic products and services - at least as pilots - that move us toward the Easy Access for Students and Institutions (EASI) vision (by September 30, 1999).
  - Allow recipient access, via an "electronic access code" (EAC), to the National Student Loan Data System (NSLDS) data and ultimately Direct Loan servicing data.
  - Establish a technical web-based Customer Service facility to support our school partners who interface with our systems—to include a listserv, frequently-asked questions, and posting of all questions and answers.
  - Establish a Y2K web site for use by our trading partners in reviewing our test plans and downloading test data.
  - Establish a web site to house the Perkins Loan Teacher Cancellation Low-Income Directory, and expand to allow states to send in data electronically.
  - Implement electronic Loan Consolidation certifications and/or ACH Loan Consolidation payments to lenders.

  Measurement: Accomplish all new electronic products and services by September 30, 1999.

  Lead: Jerry Russomano

- Establish a program to collect customer preferences and measure customer satisfaction on an ongoing basis (by September 30, 1999).

  Measurement: Present the Customer Service Task Force report on July 1, 1999.

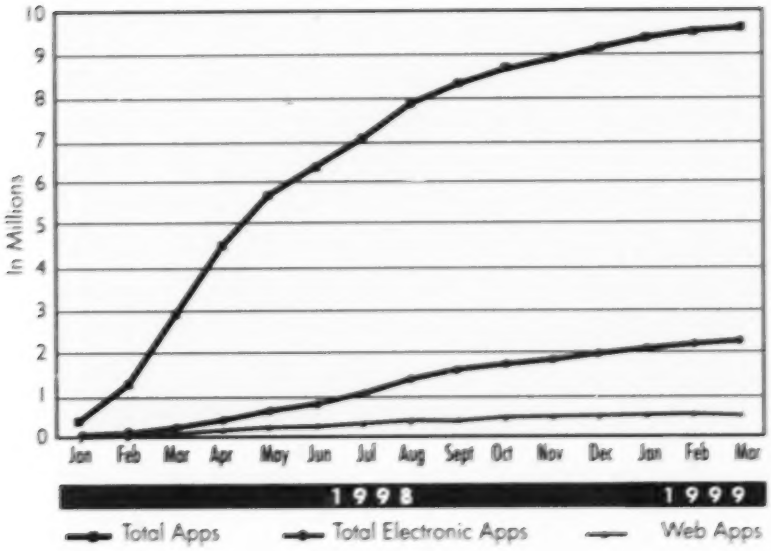
  Lead: Stephen Blair

- Attract three million electronic filings for the 12-month period ending September 30, 1999.

  Measurement: Process three million electronic filings for the 12-month period.

  Lead: Nina Winkler (promotion)
  Jerry Russomano (systems)

1998-1999 FASFSA Experience



Objective: Reduce the Overall Cost of Delivering Student Aid

Our Costs

Indicators of Success:

- Establish a baseline estimate of the overall costs of delivering student aid (by September 30, 1999).

  Measurement: Establish baselines with Office of Student Financial Assistance (OSFA) management buy-in and with external dialog with partners, oversight bodies and others to ensure that issues with the baselines are identified and documented.

  Lead: Linda Paulsen

- Create a core measure or measures for judging cost reduction performance (e.g. total delivery dollars spent per assistance dollar outstanding) (by September 30, 1999).

  Measurement: Develop measures to support measurement of cost reduction performance that will focus on Department expenditures in support of student financial assistance delivery.

  Lead: Linda Paulsen

- Design a subsidiary-type financial management system that supports OSFA, is appropriately integrated with the Department's financial management system, and is at a level that is consistent with the OSFA Systems Modernization *Blueprint* (by September 30, 1999).

  Measurement: Design a financial management system that supports OSFA management, business process and legislative mandates.

  Lead: Linda Paulsen

- Provide all necessary support needed to achieve clean opinions for FY 1998 and 1999 financial statement audits, with 1999 documentation delivered on time to support a March 2000 publication date (by September 30, 1999).

  Measurement: Receive a clean opinion on the financial statements as a whole. The lack of a clean opinion on the Department's financial statements is not directly attributable to OSFA internal control weaknesses identified in the financial statement audit.

  Lead: Linda Paulsen

- Maintain default recovery rate at ten percent or more of prior year-end outstanding balances (through September 30, 1999).

  Measurement: Maintain the default recovery rate at no less than ten percent. The default recovery rate is calculated by measuring total recoveries and administrative resolutions against prior end-of-year total outstanding defaults.

  Lead: Jack Reynolds

- Continue actions necessary to maintain cohort default rate at ten percent or less (through September 30, 1999).

  Measurement: Identify those inputs over which we have control vs. those we do not. One measurement would be number of defaults over a given period before implementation vs. those after. This could be measured in number of loans or dollar amount.

  Lead: Jeanne VanVlandren

- Use performance-based contracts in all major new awards (through September 30, 1999).

  Measurement: All major new awards will be performance-based.

  Lead: Candace Hardesty

- Implement an acquisition strategy that uses performance-based contracting approaches to support our modernization blueprint (by September 30, 1999).

  Measurement: Implement an acquisition strategy that uses flexible performance-based contracting by September 30, 1999.

  Lead: Candace Hardesty

- Extend current contracts early enough to avoid cost impacts (through September 30, 1999).

  Measurement: No cost impacts for extending current contracts.

  Lead: Candace Hardesty

- Review PBO operations to identify opportunities to reduce Federal administrative costs or other costs of delivering student financial assistance (by September 30, 1999).

  Measurement: List all possible savings and actions needed to achieve them by September 30, 1999.

  Lead: Kathy Stack

- Develop incentives to encourage high performance by our partners (by September 30, 1999).

  Measurement: Evaluate the effectiveness of the incentives to determine if they improved the performance level over past level for the partners evaluated. The evaluation will also include a self-evaluation by a select group.

  Lead: Larry Oxendine

THE PBO

Objective: Transform the Student Financial Assistance Office Into a Performance Based Organization

INDICATORS OF SUCCESS:

- Conduct collaborative working sessions with partners—schools and the financial community—on how to improve services to students and cut overall program costs (by September 30, 1999).

  Measurement: Complete list of collaborative efforts done by September 30, 1999 and document results of collaboration.

  Lead: Nina Winkler

- Test all major new publications, training materials, and electronic products with users prior to release (through September 30, 1999).

  Measurement: Test all major new publications, training materials, and electronic products with users prior to release.

  Lead: Nina Winkler

- With employees, develop a human resources and organizational plan for the PBO (by September 30, 1999).

  Measurement: Complete a human resources and organization plan.

  Lead: John Mondragon

- With employees, develop a system to measure employee satisfaction (by September 30, 1999).

  Measurement: Present the Customer Service Task Force report on July 1, 1999.

  Lead: Stephen Blair

- Deliver the five-year performance plan for the PBO, including recommendations for additional legislation to improve service and reduce cost (by September 30, 1999).

  Measurement: Deliver the five-year performance plan by September 30, 1999.

  Lead: Cyndi Reynolds

- Hire an Ombudsman and build a complaint "cherishing" system (by September 30, 1999).

  Measurement: Ombudsman, with necessary resources, in place by September 30, 1999.

  Lead: Nina Winkler

- Deliver a preliminary budget plan for the PBO by April 1, 1999.

  Measurement: Complete and deliver the preliminary budget plan by April 1, 1999.

  Lead: Kathy Stack

- Find best in the business organizations that we can use to benchmark our processes, systems, and people by July 1, 1999.

  Measurement: Selection of industry benchmarks that OSFA can copy.

  Lead: Kathy Stack

- Deliver a task force report on how to make specific, top to bottom improvements in customer service and satisfaction (by July 1, 1999).

  Measurement: Present the Customer Service Task Force report on July 1, 1999.

  Lead: Stephen Blair

- Complete a modernization blueprint for all major PBO business processes and computer systems, to support our improved service and cost management objectives (by July 31, 1999).

  Measurement: Develop a modernization blueprint by July 31, 1999.

  Lead: Jerry Russomano

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